

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS - Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

In the matter of:)	DOCKET NO. S-21103A-20-0095
CONRAD COGGESHALL, CRD #4383687,)	
a single man,)	NOTICE OF OPPORTUNITY FOR HEARING
BUSINESS OWNERS TAX RELIEF LLC,)	REGARDING PROPOSED ORDER TO CEASE
an Arizona limited liability company,)	AND DESIST, ORDER FOR RESTITUTION,
)	ORDER FOR ADMINISTRATIVE
Respondents.)	PENALTIES, AND ORDER FOR OTHER
)	AFFIRMATIVE ACTION

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents Conrad A. Coggeshall and Business Owners Tax Relief LLC have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act"), and/or the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.* ("IM Act").

The Division also alleges that Conrad A. Coggeshall is a person controlling Business Owners Tax Relief LLC within the meaning of A.R.S. § 44-1999(B), so that Conrad A. Coggeshall is liable to the same extent as Business Owners Tax Relief LLC for its violations of the anti-fraud provisions of the Securities Act.

I.
JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, the Securities Act, and the IM Act.

II.**RESPONDENTS**

2. Business Owners Tax Relief LLC ("BOTR") is a member-managed limited liability company that was organized under the laws of the state of Arizona in September 2014. BOTR has not been registered with the Commission as a securities salesman or dealer and has not been licensed as an investment adviser or investment adviser representative with the Commission. At all times relevant, Conrad A. Coggeshall has been the statutory agent and sole managing-member of BOTR.

3. At all times relevant, Conrad A. Coggeshall ("Coggeshall") has been a single man and a resident of Arizona.

4. Since at least May 31, 2002 until December 31, 2013, Coggeshall was registered with the Financial Industry Regulatory Authority ("FINRA") and the Commission (CRD #4383687) in association with dealer Cetera Advisor Networks LLC ("Cetera Advisor") as a securities salesman, based in Arizona. Since at least August 26, 2002 until December 31, 2013, Coggeshall was licensed with the Commission, in association with investment adviser Cetera Advisor, as an investment adviser representative, based in Arizona.

5. From January 8, 2014 until June 19, 2015, Coggeshall was registered with FINRA and the Commission (CRD #4383687), in association with dealer USA Financial Securities Corporation ("USA Financial"), as a securities salesman, based in Arizona. Since at least January 17, 2014 until June 19, 2015, Coggeshall was licensed with the Commission, in association with investment adviser USA Financial, as an investment adviser representative, based in Arizona.

6. From June 22, 2015, until January 12, 2018, Coggeshall was registered with FINRA and the Commission (CRD #4383687), in association with dealer Packerland Brokerage Services, Inc. ("Packerland"), as a securities salesman, based in Arizona. Since at least November 6, 2015, until January 12, 2018, Coggeshall was licensed with the Commission, in association with investment adviser Packerland, as an investment adviser representative, based in Arizona.

7. On January 12, 2018, Packerland terminated Coggeshall's employment. Since leaving Packerland, Coggeshall has not been employed by a registered dealer, or a licensed investment adviser.

8. Coggeshall's securities salesman registration was automatically suspended on January 12, 2018, pursuant to A.R.S. § 44-1949. On December 31, 2018, Coggeshall's securities salesman registration expired, pursuant to A.R.S. § 44-1947(B).

9. Coggeshall's investment adviser representative license was automatically suspended on January 12, 2018, pursuant to A.R.S. § 44-3158(B). On December 31, 2018, Coggeshall's investment adviser representative license expired, pursuant to A.R.S. § 44-3158(A).

10. Coggeshall is not currently registered with FINRA or the Commission as a securities salesman and is not currently licensed with the Commission as an investment adviser representative.

11. BOTR and Coggeshall may be referred to collectively as "Respondents."

III.

Facts

12. During the relevant time-period, between April of 2011, until at least January 12, 2018, Coggeshall acted in the capacity as a securities salesman ("Salesman") and/or as an investment adviser representative ("IAR") by either offering and selling securities or by providing investment advisory services within or from Arizona to at least fifteen clients ("Client(s)"), of which eight were Arizona residents.

13. From at least January 24, 2018, until at least January 28, 2019, Coggeshall continued to act in the capacity as a Salesman and/or as an IAR by offering and selling securities or by providing investment advisory services within or from Arizona to at least three of his Arizona Clients. However, Coggeshall's IAR license and Salesman registration were both suspended on January 12, 2018, and each expired on December 31, 2018. At no time after, January 12, 2018, was Coggeshall ever licensed as an IAR or registered as a Salesman.

14. Over the course of several years Coggeshall developed close relationships with most of his Clients and gained their trust. Coggeshall primarily provided advice to these Clients about

1 retirement planning, annuities, and investing in securities products approved and vetted by his
2 brokerage firm. At all times relevant, the majority of Coggeshall's Clients were elderly and/or retired
3 and interested in investments that provided reliable revenue streams. Some of Coggeshall's Clients
4 were not accredited investors and were only interested in investments that had either conservative
5 risks and/or moderate risks.

6 15. According to Coggeshall, his Clients typically paid advisory fees directly to his
7 brokerage firm, which was usually a "one-time" fee per year to cover all advisory services.
8 Coggeshall admitted that his Clients were not supposed to be charged any additional advisory fees
9 and/or pay commissions to Coggeshall.

10 16. Between April of 2011, and January of 2019, Coggeshall advised his Clients to invest
11 in at least the following three securities offerings: Pre-Settlement Solutions LLC ("PSS"), an Arizona
12 limited liability company; Richard Saba Jr. ("Saba") and/or Saba Investments (hereinafter, "Saba
13 Investments"); and BOTR. PSS, Saba Investments, and BOTR have neither been registered with the
14 Commission as security salesmen or dealers, nor have they been registered as securities with the
15 Commission.

16 17. According to Coggeshall, before he recommended any investment to a Client the
17 investment first had to have been reviewed, analyzed, and approved by his brokerage firm.
18 Coggeshall admitted that "the only way it would be approved is if it went through the brokerage firm
19 ... you'd have to submit the company [vendor or securities product] to the brokerage firm ... it's a
20 layer of security to have it vetted." Coggeshall further admitted that his brokerage firm vetted
21 investments for the benefit of their clients and to decrease the brokerage firm's exposure to "errors
22 and omissions lawsuits from clients."

23 18. Coggeshall admitted that he did not submit PSS, Saba Investments, or BOTR to his
24 brokerage firm to be reviewed and approved, because "they were not big enough [investments] ...
25 they wouldn't be eligible for the underwriting process." Coggeshall further admitted that he went
26

1 outside the standard procedures of his brokerage firm's vetting and approval process for securities
2 offerings, because he wanted to "make the individual investors [sic] money."

3 **PSS**

4 19. PSS is a member-managed limited liability company that was organized under the laws
5 of the state of Arizona in November 2003 [Coggeshall is not the organizer or the managing member of
6 PSS]. According to PSS's Operating Agreement, PSS was formed to "operate a business venture to
7 provide reliable funding solutions available to plaintiffs and their attorneys that address plaintiffs'
8 financial needs and help mitigate their damages."

9 20. In or around 2010, Coggeshall was introduced to the managing member of PSS, and
10 became friends with him. Shortly thereafter in 2011, Coggeshall invested in PSS, and received a 2.521%
11 ownership interest in PSS. In February of 2012, PSS amended its Operating Agreement and listed
12 Coggeshall as a "voting member" with a "9%" ownership interest in PSS. From 2012, through 2013,
13 Coggeshall had at least a 9% ownership interest in PSS.

14 21. During the relevant time-period, between April of 2011, and May of 2013, Coggeshall
15 acted in the capacity as a Salesman or as an IAR by either offering and selling PSS's securities offerings
16 or by advising at least thirteen of his Clients to invest in PSS's securities offerings, which were in the
17 form of promissory notes or investment contracts (hereinafter, "Note(s)"). Based on Coggeshall's
18 below-representations, thirteen of his Clients collectively invested at least \$5,909,000 in PSS's
19 securities offerings; in exchange these Clients received Notes issued by PSS, which promised returns
20 between 10%-12% interest per annum, and the return of their principal investments.

21 22. Coggeshall represented to numerous Clients that PSS was raising investment capital
22 to expand its business and to fund high interest rate [typically 30%] pre-settlement loans to
23 professional athletes who were waiting for pay-outs from pending settlements or judgments against
24 the NFL or NBA. And, once these professional athletes received their pay-outs they would pay PSS's
25 pre-settlement loans in full; PSS would keep up to 20% of the profits and the Clients' returns would
26 be paid from a portion of the profits.

1 23. Coggeshall also represented the following to several of his Clients: (1) Coggeshall
2 and PSS's managing member were good friends; (2) Coggeshall vetted PSS and it was a solid
3 company with a good track record of making money; (3) PSS's securities offerings were safe
4 investments that paid substantial interest rates with little-to-no risks; and (4) PSS's securities
5 offerings were fool proof investments because PSS's pre-settlement loans were guaranteed by the
6 courts to be paid back first, when the professional athletes settled their lawsuits. Contrary to
7 Coggeshall's above-representations, Coggeshall later admitted that PSS's securities offerings were
8 "high risk" investments.

9 24. Coggeshall further admitted the following: (1) that at least six of his Clients invested
10 in PSS's securities offerings after he retained an ownership interest in PSS; (2) PSS and/or PSS's
11 securities offerings were neither vetted nor approved vendors or securities products by his brokerage
12 firm; (3) his ownership interest in PSS "could be" a conflict of interest with his Clients' investments
13 in PSS's securities offerings; (3) as an IAR, he was required to give each Client written notification
14 indicating any potential or actual conflicts of interest; (4) he did not give any of the six Clients
15 written notification of his conflict of interest; and (5) as a minority owner of PSS, he personally had
16 a financial incentive to "grow the company" [PSS] and make "money."

17 25. From March of 2012, through October of 2012, PSS paid Coggeshall monthly [except
18 for July of 2012] consulting fees of \$5,000. During the relevant time-period, PSS paid Coggeshall a
19 total of \$35,000 in consulting fees.

20 26. At all times relevant, Coggeshall failed to disclose the following to several of his
21 Clients: (1) PSS and/or PSS's securities offerings were neither vetted nor approved vendors or
22 securities products by Coggeshall's brokerage firm; (2) Coggeshall had an ownership in PSS; and (3)
23 Coggeshall had a financial incentive to expand PSS's business.

24 27. For several years, Coggeshall's Clients received their promised interest payments
25 and/or received a full return on their investments. However, on or about July of 2016, PSS's
26 managing-member notified some of Coggeshall's Clients that PSS was having financial difficulties

1 because of changes in Arizona's and/or California's laws [unspecified]. As a result, PSS issued
2 "Amended and Restated" Notes ("Amended Notes") to some of these Clients, which replaced and
3 superseded the prior Notes that were issued. The Amended Notes reduced each Client's promised
4 interest rate to 1.43% per annum. From July of 2016, through May of 2019, these Clients received
5 interest payments. However, in or about May of 2019, PSS informed some of these Clients that it
6 was going out of business and could no longer afford to make payments on the Amended Notes.

7 28. Contrary to Coggeshall's representations to his Clients that PSS's securities offerings
8 were fool proof and/or safe investments, several of his Clients suffered substantial losses from their
9 investments in PSS's securities offerings. The Clients collectively invested at least \$5,909,000 and
10 received at least \$3,472,182.94 in return. The remaining principal owed is at least \$2,436,817.06.

11 **Saba Investments**

12 29. At all times relevant, Saba was a resident of Arizona, and Saba Investments was
13 operated out of Saba's residence.

14 30. According to Coggeshall, in or about 2004, he was introduced to Saba by one of his
15 Clients. Over the years, Coggeshall occasionally corresponded with Saba regarding Saba's business,
16 which sold bulk items online. In or about 2014, Saba represented to Coggeshall that his business was
17 doing great and that he was looking for investors to raise additional capital. Saba further represented
18 to Coggeshall that he was "making hundred percent on every product" that he sold online. Shortly
19 thereafter, Coggeshall personally invested \$5,000 in Saba's online business.

20 31. According to Coggeshall, in or about 2015, Saba met Coggeshall at his office and
21 Saba represented that he was looking for more investors because "his business was going very well"
22 and he wanted to expand his business. Saba further represented that he would pay investors a "high
23 interest rate."

24 32. During the relevant time-period, between October of 2015, and September of 2017,
25 Coggeshall acted in the capacity as a Salesman and/or as an IAR by either offering and selling Saba's
26 and/or Saba Investments securities offerings or by advising at least nine of his Clients to invest in

1 Saba's and/or Saba Investments' securities, which were in the form of promissory notes or investment
2 contracts (hereinafter, "Note(s)"). Based solely on Coggeshall's below-representations, nine of his
3 Clients collectively invested at least \$1,237,600 in Saba and/or Saba Investments' securities
4 offerings; in exchange the Clients received Notes issued by either Saba or Saba Investments, which
5 promised to pay between 7.5%-16% interest semi-annually. According to Saba's and/or Saba
6 Investments' Notes, after "the one year holding period from original contract date investors are
7 required to provide a 90-day written notice prior to any redemption ... otherwise investment corpus
8 will remain perpetual [sic] receiving payments" of the promised interest rate.

9 33. Coggeshall represented to his Clients that Saba and/or Saba Investments was raising
10 investment capital to purchase inventory, in particular used ink and toner cartridges, for the purpose
11 of selling these items on eBay Inc. ("eBay") for a profit. The Clients' investment returns would be
12 paid from the profits generated through Saba's and/or Saba Investments' eBay sales proceeds.

13 34. Coggeshall further represented the following to several of his Clients: (1) Saba was a
14 long-time friend from a well-known local family that had a good reputation in the valley; (2)
15 Coggeshall vetted Saba's company and it was really profitable company that has been in business for
16 many years; (2) Saba's business was booming and Saba Investments' securities offerings were
17 perfectly safe investments with no risks; and (3) Saba and/or Saba Investments would only use the
18 Clients' investment funds to purchase inventory.

19 35. Contrary to Coggeshall's above-representations, Coggeshall later admitted that he did
20 not have a personal relationship or friendship with Saba; he never reviewed any of Saba and/or Saba
21 Investments' financial disclosures, records, or inventory; and he considered Saba's and/or Saba
22 Investments' securities offerings to be "high risk" investments.

23 36. Coggeshall admitted that Saba and/or Saba Investments' securities offerings were
24 neither vetted nor approved vendors or securities products by Coggeshall's brokerage firm.
25 Additionally, "the whole thing was a giant mistake" that he did not have Saba's and/or Saba
26 Investments' securities offerings vetted.

1 37. From January of 2016, through November of 2016, Saba and/or Saba investments
2 paid Coggeshall at least \$121,250 in commissions. Saba and/or Saba Investments paid Coggeshall
3 10% commissions from a portion of the investment funds received from some of his Clients that
4 invested in Saba's and/or Saba Investments' securities offerings. However, Coggeshall failed to
5 disclose to these Clients that Saba and/or Saba Investments paid him 10% commissions from a
6 portion of their investment funds.

7 38. Between 2016 through 2017, the Clients received their promised interest payments
8 from Saba and/or Saba Investments. However, in or about 2018, Saba represented to some of the
9 Clients that Saba and/or Saba Investments was having financial difficulties, and shortly thereafter
10 stopped making the promised payments on the Clients' Notes.

11 39. Contrary to Coggeshall's representations to his Clients that Saba's and/or Saba
12 Investments' securities offerings were perfectly safe investments, several of his Clients suffered
13 substantial losses from their investments in Saba Investments' securities offerings. The Clients
14 collectively invested at least \$1,237,600 and received at least \$321,413 in return. The remaining
15 principal owed is at least \$916,187.

16 **BOTR**

17 40. Many of Coggeshall's Clients suffered substantial monetary losses from their
18 investments in PSS's, Saba's and/or Saba Investments' securities offerings. Despite this, some of
19 Coggeshall's Clients still trusted Coggeshall and relied on his investment advice. Coggeshall took
20 advantage of that trust and represented to several of these Clients that they could make up for their
21 losses in PSS, Saba, and/or Saba Investments by investing in BOTR's securities offerings.

22 41. Some of these Clients informed Coggeshall that they were only interested in
23 investments that provided steady income and/or were conservative with little-to-no risks. Coggeshall
24 represented to these Clients that BOTR's securities offerings were totally safe investments that were
25 insured and had no risks.

1 42. From at least April 5, 2017, through at least January 11, 2018, Coggeshall acted in the
2 capacity as Salesman and/or as an IAR by offering or selling BOTR's securities offerings and/or by
3 advising at least five of his Clients to invest in BOTR's securities offerings, which were in the form
4 of promissory notes or investment contracts (hereinafter, "Note(s)").

5 43. On January 12, 2018, Coggeshall's IAR licensure and Salesman registration were
6 each suspended. On December 31, 2018, Coggeshall's IAR licensure and Salesman registration both
7 expired. At no time on or after January 12, 2018, was Coggeshall ever licensed as an IAR or
8 registered as a Salesman.

9 44. From at least January 24, 2018 through at least January 28, 2019, Coggeshall
10 continued to act in the capacity as a Salesman and/or as an IAR by offering and selling BOTR's
11 securities offerings and/or by advising at least three of his Clients [two of these Clients previously
12 invested in BOTR] to invest and/or re-invest in BOTR's securities offerings, which were in the form
13 of Notes. However, Coggeshall and/or BOTR failed to disclose to at least these Clients that
14 Coggeshall's IAR license and Salesman registration were either suspended or expired.

15 45. From April 5, 2017 through January 28, 2019, six of Coggeshall's Clients collectively
16 invested at least \$1,277,000 in BOTR's securities offerings; in exchange Coggeshall and/or BOTR
17 promised to pay these Clients between 11%-14.2% interest per annum. Coggeshall's Clients invested
18 in BOTR's securities offerings because of Coggeshall's and/or BOTR's below-representations.

19 46. Coggeshall and/or BOTR represented the following to several of the Clients: (1)
20 BOTR was a successful mergers and acquisitions firm; (2) BOTR was based in New York; (3)
21 Coggeshall had been working with BOTR for many years; (4) BOTR was a legitimate and
22 trustworthy company; (5) BOTR provided bridge loans to companies during mergers and acquisitions
23 and was raising capital to fund the bridge loans; (6) BOTR securities offerings were safe investments
24 because BOTR had errors and omissions insurance; (7) BOTR was run by a firm of attorneys; (8)
25 BOTR was owned by an attorney named White Martindale, who was Coggeshall's friend; (9) Carrie
26

1 Brax was the managing director of BOTR; and (10) the Clients would receive periodic payments
2 between 11%-14.2% interest on BOTR's securities offerings.

3 47. Contrary to Coggeshall's and/or BOTR's above-representations, Coggeshall later
4 admitted the following: (1) Coggeshall is the sole managing-member of BOTR; (2) Coggeshall
5 organized BOTR for the purpose of "joining up with an insurance company that marketed to
6 businessowners ... life insurance for all [their] employees" at a reduced tax rate; (3) BOTR's business
7 purpose has never changed from its original purpose; (4) BOTR's physical address is in Peoria,
8 Arizona; and (5) BOTR did not have any employees.

9 48. Coggeshall and/or BOTR received the Clients' investment funds and deposited the
10 funds into either BOTR's business account (ending in #0428) held at a Wells Fargo Bank in
11 Scottsdale, Arizona, or BOTR's brokerage account (ending in #2169) held at TD Ameritrade Inc.
12 ("TD Ameritrade"). Coggeshall is the sole signer of BOTR's business account, and Coggeshall is the
13 sole authorized agent for BOTR's TD Ameritrade brokerage account. BOTR's TD Ameritrade
14 brokerage account (ending in #2169) was primarily funded by the Clients' investment funds [except
15 for \$1,753.94], and BOTR's business account was primarily funded by the Clients' investment funds
16 [except for a \$1,879.85].

17 49. During the relevant time-period, Coggeshall deposited \$1,260,000 of the Clients'
18 investment funds into BOTR's brokerage account (ending in #2169) and deposited \$17,000 of the
19 Clients' investment funds into BOTR's business account (ending in #0428). Subsequently,
20 Coggeshall and/or BOTR transferred \$297,000 from BOTR's brokerage account (ending in #2169)
21 into BOTR's business account (ending in #0428).

22 50. Coggeshall and/or BOTR misused the Clients' investment funds deposited into
23 BOTR's brokerage account (ending in #2169) to day-trade securities, which was unrelated to any
24 investments in a mergers and acquisitions company. Over the course of three years, Coggeshall
25 and/or BOTR incurred \$944,734.71 in trading losses in BOTR's brokerage account (ending in
26 #2169). Coggeshall and/or BOTR also misused \$6,382.50 of the Clients' investment funds that was

1 deposited into BOTR's brokerage account (ending in #2169) to make interest payments to some of
2 the Clients.

3 51. Coggeshall and/or BOTR misused the Clients' investment funds that were deposited
4 and/or transferred into BOTR's business account (ending in #0428) in the following ways: (1) to
5 make interest payments [totaling \$97,841] to some of the Clients; (2) to pay Coggeshall's rent and
6 utilities; (3) for retail shopping; (4) on grocery store expenses; (5) for airline tickets and other
7 transportation; (6) to make payments to Coggeshall and/or others; (7) to pay tax fees, court cost, and
8 fines; (8) on medical expenses; and (9) Coggeshall withdrew \$54,149 in cash.

9 **Brax Letter**

10 52. During the relevant time-period, each Client received a letter from BOTR and/or
11 Coggeshall, titled "Document of receipt," which was purportedly issued by Carrie Brax ("Brax
12 Letter(s)"), who was identified as BOTR's managing director. There were slight variances in the
13 language in some of the Brax Letters received by the Clients; however, the Brax Letters stated in sum
14 and substance the following:

- 15 • The Clients funds were placed in "account 2169 of BOTR LLC," a "mergers company
16 trust account" on behalf of the Client;
- 17 • "Funds are not at risk to any loss due to investment;"
- 18 • "Principal of funds are fully insured by errors and emission [sic] insurance;"
- 19 • The Clients would receive periodic interest payments with a stated annual interest rate
20 between 11% - 14.2%;
- 21 • "Liquidation is available upon request;" and
- 22 • "All correspondence was to be conducted through Coggeshall."

23 53. The Brax Letters were devoid of any contact information for Carrie Brax, White
24 Martindale, and/or BOTR. Upon information and belief, Carrie Brax and White Martindale were
25 fictitious people concocted by Coggeshall to conceal his fraud scheme.

1 54. For a time-period, BOTR and/or Coggeshall made some interest payments to the
2 Clients; however, BOTR and/or Coggeshall used a portion of the Clients' investment funds to make
3 these interest payments. The interest payments that some of the Clients received were in the form of
4 checks issued from BOTR's business account held at a Wells Fargo Bank in Scottsdale, Arizona.
5 Subsequently, BOTR and/or Coggeshall stopped making interest payments to the Clients and ceased
6 communicating with them.

7 55. At all times relevant, Coggeshall and/or BOTR failed to disclose the following to
8 several Clients: (1) Contact information for BOTR, Carrie Brax, or White Martindale; (2) Coggeshall
9 was the actual managing-member of BOTR; (3) BOTR's securities offerings were neither vetted nor
10 an approved vendor or securities product by Coggeshall's brokerage firm; (4) Coggeshall and/or
11 BOTR misused a substantial portion of the Clients' investment funds for: unauthorized personal
12 expenses, to day-trade securities in BOTR's brokerage account (ending in #2169), which was
13 unrelated to the Clients' investments in BOTR, and to pay interest back to some of the Clients that
14 invested in BOTR.

15 56. Contrary to Coggeshall's and/or BOTR's representations to the Clients that BOTR's
16 securities offerings were totally safe investments that were insured and had no risks, all the Clients
17 suffered significant monetary losses from their investments in BOTR's securities offerings. The
18 Clients collectively invested at least \$1,277,000 and received at least \$104,223.50 in return. The
19 remaining principal owed is at least \$1,172,776.50.

20 57. Between April of 2011, and January of 2019, Coggeshall's Clients collectively
21 invested at least \$8,423,600 in the securities offerings of PSS, Saba and/or Saba Investments, and
22 BOTR and have received at least \$3,898,726.94 in return. The total remaining principal balance owed
23 is at least \$4,524,873.06.

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IV.**VIOLATION OF A.R.S. § 44-1841****(Offer or Sale of Unregistered Securities)**

1. During the relevant time-periods, between April of 2011 through May of 2013, and October of 2015 through January of 2019, Respondent Coggeshall offered or sold securities in the form of promissory notes and/or investment contracts, within or from Arizona. From at least April of 2017, through at least January of 2019, Respondent BOTR offered or sold securities in the form of promissory notes and/or investment contracts, within or from Arizona.

2. The securities referred to above were not registered pursuant to Articles 6 or 7 of the Securities Act.

3. This conduct violates A.R.S. § 44-1841.

V.**VIOLATION OF A.R.S. § 44-1842****(Transactions by Unregistered Dealers or Salesmen)**

4. From at least April 5, 2017, through at least January 28, 2019, Respondent BOTR offered or sold securities within or from Arizona while not registered as a dealer or salesmen pursuant to Article 9 of the Securities Act. From at least January 24, 2018, through at least January 28, 2019, Respondent Coggeshall offered or sold securities within or from Arizona while not registered as a dealer or salesmen pursuant to Article 9 of the Securities Act.

5. This conduct violates A.R.S. § 44-1842.

VI.**VIOLATION OF A.R.S. § 44-1991****(Fraud in Connection with the Offer or Sale of Securities)**

6. In connection with the offer or sale of securities within or from Arizona, Respondents directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts that were necessary in order to make the statements

1 made not misleading in light of the circumstances under which they were made; and (iii) engaged in
2 transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon
3 offerees and investors. Respondents' conduct includes, but is not limited to, the following:

4 a) Coggeshall misrepresented to some Clients that PSS's, Saba's and/or Saba
5 Investments' securities offerings were all safe investments with little-to-no risks. When in fact,
6 Coggeshall admitted that PSS's, Saba's and/or Saba Investments' securities offerings were all "high
7 risk" investments;

8 b) Coggeshall misrepresented to some Clients that invested in Saba's and/or Saba
9 Investments' securities offerings that Saba was a good friend of his and that he vetted Saba's company.
10 When in fact, Coggeshall admitted that he did not have a personal relationship or friendship with Saba,
11 and Coggeshall further admitted that he did not review any financial disclosures, records, or inventory
12 related to Saba's company;

13 c) Coggeshall misrepresented to some Clients that invested in Saba's and/or Saba
14 Investments' securities offerings that their investment funds would only be used to purchase inventory
15 for Saba's company. When in fact, a portion of these Clients' investment funds were used by Saba and/or
16 Saba Investments to pay commissions to Coggeshall;

17 d) Respondents misrepresented to several Clients that BOTR's securities offerings
18 were totally safe investments that were insured and had no risks, when in fact, BOTR did not have errors
19 and omissions insurance, and Respondents misused the Clients' investment funds to day-trade securities
20 in BOTR's brokerage account (ending in #2169), which was unrelated to the stated purpose of BOTR's
21 securities offerings. Also, Respondents misused the Clients' investments funds to pay interest payments
22 to some Clients, and for unauthorized personal expenses and cash withdrawals;

23 e) Respondents misrepresented to several Clients that: BOTR was a successful
24 merger and acquisitions firm based in New York; BOTR was run by a firm of attorneys and owned by
25 an attorney named White Martindale; and Carrie Brax was the managing director of BOTR. When in
26

1 fact, BOTR was based in Peoria, Arizona, Respondent Coggeshall was the sole managing-member,
2 BOTR had no employees, and was not a mergers and acquisitions firm;

3 f) Respondents misrepresented to the Clients that their investment funds would be
4 used to invest in a mergers and acquisitions firm. When in fact, Respondents misused the Clients'
5 investment funds to day-trade securities in BOTR's brokerage account (ending in #2169), which was
6 unrelated to the stated purpose of BOTR's securities offerings. Also, Respondents misused the Clients'
7 investments funds to pay interest payments to some Clients, and for unauthorized personal expenses and
8 cash withdrawals;

9 g) Coggeshall failed to disclose to some Clients that invested in Saba's and/or Saba
10 Investments' securities offerings that Coggeshall was paid 10% commissions from a portion of their
11 investment funds;

12 h) Coggeshall failed to disclose to some Clients that invested in PSS's securities
13 offerings, that Coggeshall had an ownership interest in PSS prior to their investments;

14 i) Coggeshall failed to disclose to some Clients that invested in PSS's securities
15 offerings that Coggeshall had a financial incentive to offer and/or sell PSS's securities offerings to them;

16 j) At all times relevant, Respondents failed to disclose to several Clients any
17 contact information for BOTR, White Martindale, or Carrie Brax and that Coggeshall was the actual
18 and sole managing-member of BOTR;

19 k) During the relevant time-period, from April of 2011, through January 11, 2018,
20 while Coggeshall was registered as a Salesman, Coggeshall failed to disclose to some of his Clients that
21 he engaged in dishonest and unethical conduct [as defined by A.C.C. R14-4-130 (A)(10)] by offering
22 and/or selling securities offerings in PSS, Saba and/or Saba Investments, or BOTR, which were
23 securities transactions that were not recorded on the records of his dealer; and

24 l) During the relevant time-period, between January 24, 2018 through January 28,
25 2019, Coggeshall acted in the capacity as a Salesman by offering or selling BOTR's securities offerings
26

1 to at least three Clients; However, Respondents failed to disclose to these Clients that Coggeshall's
2 Salesman registration was either suspended or expired.

3 7. This conduct violates A.R.S. § 44-1991.

4 **VII.**

5 **CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999**

6 8. From at least September of 2014, through the present, Coggeshall has been the sole
7 managing-member of BOTR. Further, Coggeshall is the sole signatory for BOTR's business account.

8 9. From at least September of 2014, through the present, Coggeshall has directly or
9 indirectly controlled BOTR within the meaning of A.R.S. § 44-1999. Therefore, Coggeshall is jointly
10 and severally liable to the same extent as BOTR for its violations of A.R.S. § 44-1991 from at least
11 April of 2017, through at least January of 2019.

12 **VIII.**

13 **VIOLATION OF A.R.S. § 44-3151**

14 **(Transactions by Unlicensed Investment Advisers**
15 **or Investment Adviser Representatives)**

16 10. From January 24, 2018, through at least January 28, 2019, Respondent Coggeshall
17 transacted business in Arizona as an investment adviser or investment adviser representatives while not
18 licensed or in compliance with Article 4 of the IM Act.

19 11. This conduct violates A.R.S. § 44-3151.

20 **IX.**

21 **VIOLATION OF A.R.S. § 44-3241**

22 **(Fraud in the Provision of Investment Advisory Services)**

23 12. Respondent Coggeshall engaged in a transaction or transactions within or from Arizona
24 involving the provision of investment advisory services in which Respondent Coggeshall, directly or
25 indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material
26 fact or omitted to state material facts that were necessary in order to make the statements made not

1 misleading in light of the circumstances under which they were made; (iii) misrepresented professional
2 qualifications with the intent that the client rely on the misrepresentation; or (iv) engaged in transactions,
3 practices, or courses of business that operated or would operate as a fraud or deceit. Respondent
4 Coggeshall's conduct includes, but is not limited to, the following:

5 a) Coggeshall misrepresented to several Clients that PSS's, Saba's and/or Saba
6 Investments' securities offerings were all safe investments with little-to-no risks. When in fact,
7 Coggeshall admitted that PSS's, Saba's and/or Saba Investments' securities offerings were all "high
8 risk" investments;

9 b) Coggeshall misrepresented to several Clients that invested in Saba's and/or Saba
10 Investments' securities offerings that Saba was a good friend of his and that he vetted Saba's company.
11 When in fact, Coggeshall admitted that he did not have a personal relationship or friendship with Saba,
12 and Coggeshall further admitted that he did not review any financial disclosures, records, or inventory
13 related to Saba's company;

14 c) Coggeshall misrepresented to several Clients that invested in Saba's and/or Saba
15 Investments' securities offerings that their investment funds would only be used to purchase inventory
16 for Saba's company. When in fact, a portion of these Clients' investment funds were used by Saba and/or
17 Saba Investments to pay commissions to Coggeshall;

18 d) Coggeshall failed to disclose to several Clients that invested in Saba's and/or
19 Saba Investments' securities offerings that Coggeshall was paid 10% commissions from a portion of
20 their investment funds;

21 e) Coggeshall failed to disclose to several Clients that invested in PSS's securities
22 offerings, that Coggeshall had an ownership interest in PSS prior to their investments; and

23 f) Coggeshall failed to disclose to several Clients that invested in PSS's securities
24 offerings that Coggeshall had a financial incentive to recommend PSS's securities offerings to them.

25 13. This conduct violates A.R.S. § 44-3241.
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X.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;
2. Order Respondent Coggeshall to permanently cease and desist from violating the IM Act, pursuant to A.R.S. § 44-3292;
3. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. §§ 44-2032 and 44-3292;
4. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
5. Order Respondent Coggeshall to pay the state of Arizona administrative penalties of up to one thousand dollars (\$1,000) for each violation of the IM Act, pursuant to A.R.S. § 44-3296; and
6. Order any other relief that the Commission deems appropriate.

XI.

HEARING OPPORTUNITY

Each Respondent may request a hearing pursuant to A.R.S. §§ 44-1972, 44-3212 and A.A.C. R14-4-306. **If a Respondent requests a hearing, the requesting Respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting Respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or

1 ordered by the Commission. If a request for a hearing is not timely made the Commission may, without
2 a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for
3 Hearing.

4 Persons with a disability may request a reasonable accommodation such as a sign language
5 interpreter, as well as request this document in an alternative format, by contacting Carolyn Buck,
6 ADA Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov. Requests should
7 be made as early as possible to allow time to arrange the accommodation. Additional information
8 about the administrative action procedure may be found at
9 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

10 XII.

11 ANSWER REQUIREMENT

12 Pursuant to A.A.C. R14-4-305, if a Respondent requests a hearing, the requesting respondent
13 must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona
14 Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days
15 after the date of service of this Notice. Filing instructions may be obtained from Docket Control by
16 calling (602) 542-3477 or on the Commission's Internet web site at
17 <http://www.azcc.gov/divisions/hearings/docket.asp>.

18 Additionally, the answering Respondent must serve the Answer upon the Division. Pursuant
19 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
20 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
21 addressed to Michael Shaw.

22 The Answer shall contain an admission or denial of each allegation in this Notice and the
23 original signature of the answering respondent or respondent's attorney. A statement of a lack of
24 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not
25 denied shall be considered admitted.

1 When the answering respondent intends in good faith to deny only a part or a qualification of
2 an allegation, the Respondent shall specify that part or qualification of the allegation and shall admit
3 the remainder. Respondent waives any affirmative defense not raised in the Answer.

4 The officer presiding over the hearing may grant relief from the requirement to file an Answer
5 for good cause shown.

6 Dated this 24th day of April, 2020.

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9 Mark Dinell
10 Director of Securities
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